



Legislative Fiscal Bureau

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February 1, 2024

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Assembly Bill 916/Senate Bill 894: Technology and Innovation Hub Grant to BioForward, Inc.

Assembly Bill 916 (AB 916) was introduced on January 4, 2024, and referred to the Assembly Committee on Workforce Development and Economic Opportunities. That Committee held a public hearing on January 9, 2024. On January 24, 2024, that Committee recommended the bill for passage by a vote of 15 to 0.

Senate Bill 894 (SB 894) is an identical companion bill that was introduced on January 5, 2024, and referred to the Senate Committee on Economic Development and Technical Colleges. That Committee held a public hearing on January 17, 2024. On January 19, 2024, that Committee recommended the bill for passage by a vote of 5 to 0.

BACKGROUND

The federal Regional Technology and Innovation Hub program designates certain areas of the United States as "tech hubs" for purposes of awarding federal economic development grants. The program includes additional benefits, such as follow-on funding opportunities, assistance, technical assistance, and intellectual property guidance.

In October, 2023, the federal Department of Commerce (Commerce) designated the Madison, Milwaukee, and Waukesha metropolitan statistical areas as a regional tech hub in the field of personalized medicine and biohealth technology based on an application from a consortium of public agencies, private companies, and nonprofit organizations in Wisconsin. The consortium received a phase-one federal strategy development grant from Commerce of \$350,000 to engage in planning activities and local coordination to apply for a phase-two implementation grant of up to \$75 million in federal funds. The deadline for phase-two grant applications is February 29, 2024.

For phase-two grants, the federal share of cost reimbursements cannot exceed 90% of the total

operating costs of the regional technology and innovation hub during an initial performance period of not less than two years. According to Commerce, the competitiveness of an application for a phase-two grant will not be affected by matching more than 10% of the federal grant amount (but the nature and magnitude of the proposed investment will be evaluated). Commerce may renew the grant for subsequent periods, for which the federal share cannot exceed 75%. As a result, the consortium would be required to provide 10% of project costs in the initial performance period (any subsequent performance periods would require a match of 25%).

Consortium members include the Wisconsin Economic Development Corporation (WEDC), the University of Wisconsin System Administration, the University of Wisconsin-Madison, GE HealthCare, Rockwell Automation, Exact Sciences Corporation, BioForward Wisconsin (BioForward), Employ Milwaukee, Accuray, Plexus, WRTP Big Step, Milwaukee Area Technical College, Madison Area Technical College, the Madison Regional Economic Partnership, and Milwaukee7. BioForward, a nonprofit founded in 1988 with offices in Madison and Milwaukee, is the lead consortium member.

SUMMARY OF BILLS

Provisions of AB 916/SB 894 would create a biennial GPR appropriation for WEDC to provide a grant to BioForward, in its capacity as the lead consortium member, in the 2023-25 biennium. WEDC would be required to provide a grant of \$7,500,000 (equal to 10% of a possible \$75 million federal grant award) to BioForward for the purpose of sponsorship funding for the state's designation as a regional technology and innovation hub. The biennial appropriation under WEDC for the grant would be repealed after the 2023-25 biennium, effective July 1, 2025.

To the extent consistent with the award of federal tech hub grants, BioForward would be required to expend the state grant funds for the following projects:

1. Establishing a clinical work flow and supply chain support center for image-guided therapies and theranostics in Wisconsin. Theranostics are therapies that also yield a diagnosis, such as simultaneously revealing tumors and killing cancer cells.
2. Supporting the development of lab-related programming and support for the expansion of Forward BIOLABS, Inc., including the construction of new and expanded shared lab space. Forward BIOLABS, Inc., is a non-profit organization that provides shared life science laboratories and lab support infrastructure for start-up companies.
3. Developing: (a) a program that provides support for manufacturing and supply chain companies in Wisconsin to develop apprenticeship programs; and (b) incentives for employers to engage apprentices in high-demand industry sectors.

The state regional technology and innovation hub grant to BioForward would not be subject to certain reporting requirements that generally apply to WEDC grantees. Instead, beginning with the first year after the grant is awarded, WEDC and BioForward would be required to submit a joint report to the Joint Committee on Finance (Committee) detailing all uses of the grant moneys.

No funding would initially be provided to WEDC for the state regional technology and innovation hub grants. Instead, funding of \$7,500,000 GPR would be provided to the Committee's supplemental appropriation in 2023-24 for this purpose. No moneys could be released by the Committee unless and until the consortium is awarded a federal grant.

FISCAL EFFECT

AB 916/SB 894 requires that the grant amount to be awarded by WEDC to BioForward must be exactly \$7,500,000. Although not specified in AB 916/SB 894, WEDC would need to request funding from the Committee at a later date for transfer into from the Committee's supplemental appropriation to WEDC's biennial appropriation that would be created under the bill. However, because the federal funding amounts available to the consortium under phase-two grants are not currently known, it is not known whether any or all of the \$7.5 million set aside would be necessary to meet a 10% match to the federal grant award. Under the bill, WEDC would be required to grant exactly \$7.5 million to BioForward, regardless of the amount of federal matching funds needed to obtain the tech hub grant. The bill could be amended to provide "up to" \$7.5 million. This is consistent with the pending application of the consortium. To the extent a different amount is approved by the Committee, WEDC may be required to provide funding from its existing appropriations for general operations and programs to make up any unfunded amounts.

Prepared by: John D. Gentry